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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 3714
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5859
RUEHBJ/AMEMBASSY BEIJING 3567
RUEHKO/AMEMBASSY TOKYO 3426
RUEHIT/AMCONSUL ISTANBUL 4101
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEHVEN/USMISSION USOSCE 4063
RUCPDO/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC

C O N F I D E N T I A L ASHGABAT 001423

SIPDIS

STATE FOR SCA/CEN; EEB;
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE

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TAGS: [EPET](#) [ECON](#) [PGOV](#) [EINV](#) [BTIO](#) [TX](#)

SUBJECT: TURKMENISTAN: RUSSIANS SAY GAZPROM NEGOTIATIONS
"VERY DIFFICULT"

REF: A. ASHGABAT 1320

[1](#)B. ASHGABAT 1388

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

[1](#)1. (C) According to Russian Embassy DCM Aleksey Demin, negotiations between the Russians and the Turkmen over gas are "very difficult." We met with Demin on November 5 to discuss the status of the Gazprom negotiations. He told us that currently the negotiations between Turkmengaz and Gazprom are being conducted on the level of the two presidents. He said the issue was discussed when President Berdimuhamedov and President Medvedev met in Turkmenbashi on September 13. The two outstanding issues are price and volume. Demin said that Russian proposals are unacceptable to the Turkmen, and Turkmen proposals have been unacceptable to the Russians. Therefore, a resolution is still a ways away.

[1](#)2. (C) Demin said Gazprom has had to close some wells in Russia. He believed the situation at the end of the year and how cold the winter will be in Europe will influence how quickly the issue can be resolved. If there is more demand from the Europeans, the price can reasonably be higher.

[1](#)3. (C) Demin was not particularly concerned about Deputy Chairman for Oil and Gas Hojamammedov's recent statement (Ref. A) that Turkmenistan would not allow its gas to be re-exported. He said that it would be very difficult to enforce such a rule, because who could really say where gas purchased from Turkmenistan ends up. Admitting he was "not an expert" (although his embassy portfolio is oil and gas), Demin said gas from Turkmenistan goes to Russia, but at that point, no one would be able to say whether it was Turkmen gas or gas from Siberia that ends up in Europe.

[1](#)4. (C) COMMENT. The Russian DCM's comments on gas negotiations seem to mesh with what we have been hearing from the Turkmen--the Russians are pushing for a much lower price and lower volumes, which the Turkmen have equally been

pushing against. For the Turkmen, agreeing to a considerably lower price would not allow them to save face, and could negatively affect the GOTT's on-going negotiations with the Chinese over a price for gas, once the Central Asia-China pipeline is completed. Although both sides seem to recognize they still need each other's gas or gas revenues, neither side seems willing to capitulate on the price just yet. END COMMENT.
CURRAN